97-84145-24

Ryan, John Augustine

Social reform

New York

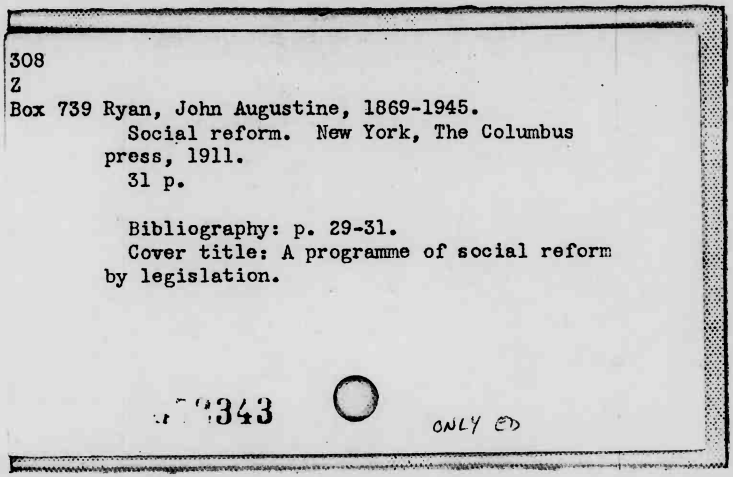
1911

97-84145-24
MASTER NEGATIVE #

COLUMBIA UNIVERSITY LIBRARIES
PRESERVATION DIVISION

BIBLIOGRAPHIC MICROFORM TARGET

ORIGINAL MATERIAL AS FILMED - EXISTING BIBLIOGRAPHIC RECORD



RESTRICTIONS ON USE: *Reproductions may not be made without permission from Columbia University Libraries.*

TECHNICAL MICROFORM DATA

FILM SIZE: 35mm REDUCTION RATIO: 9:1 IMAGE PLACEMENT: IA (IIA) IB IIB

DATE FILMED: 8-11-97 INITIALS: RB

TRACKING # : 26955

FILMED BY PRESERVATION RESOURCES, BETHLEHEM, PA.

A Programme

OF

Social Reform by Legislation

John A. Ryan, S.T.D.

NEW YORK
The Columbus Press
120 West 60th Street

SOCIAL REFORM

308
Z
B739

BY

JOHN A. RYAN, S.T.D.

New York
THE COLUMBUS PRESS
120 West 60th Street
1911

308
Box 739

AUG 22 1946 WS

COPYRIGHT, 1909, BY "THE MISSIONARY SOCIETY OF ST. PAUL THE APOSTLE IN THE STATE OF NEW YORK"

Anon

APR 29 1946

A Programme of Social Reform by Legislation.

ABOUT a year ago Benjamin Kidd declared that the leading feature of our time is "a movement of the world, under many forms, toward a more organic conception of society" ("Individualism and After," being the Herbert Spencer Lecture at Oxford University, May 29, 1908, p. 34). In the politico-industrial order this movement, as Mr. Kidd sees it, is away from individualism, and toward Socialism; away from voluntary co-operative action, and toward co-operation under the direction of the State. Probably no competent observer of the present trend of things would refuse to accept this generalization. Assuming its truth, we immediately ask ourselves whether the tendency which it describes can or ought to be checked, and, if not, how far the tendency should be permitted to go? Few social students would admit that the movement can be entirely stopped, and not many would agree that it ought to be stopped. There remains, then, the practical question:

Socialism or Social Reform?

Shall this movement toward a wider State intervention in matters industrial continue until it has embraced the full programme of Socialism? or shall it be confined within the bounds of feasible and rational social reform? At present the majority of Americans would adopt the latter alternative, although they would probably disagree widely concerning the precise content of such a

programme. The following pages embody one statement of social reforms which the State here in America may advantageously and immediately begin to bring about.

Conditions of the Social Problem.

A reasonable programme of reform must obviously fit the conditions that are to be reformed. What are these conditions? What is the social problem for which a solution is sought through legislation? The Socialist answers that the problem arises out of the private ownership of capital, and can be solved only through the substitution of collective ownership. We reject both statements as based upon unproved and unprovable assumptions. That the wage system is wrong, that the masses grow unceasingly wretched, that capital will continue to be concentrated in fewer and fewer hands, until collective ownership of industry becomes inevitable, that collectivism will bring about universal justice and universal happiness—all these assumptions are unwarranted by any concrete and adequate view of the facts and tendencies of our industrial life. We seek, therefore, some other statement of the problem.

According to John Graham Brooks, the problem is created chiefly by these conditions: first, the average laborer of to-day is less independent, less secure, and less favored with opportunities for improvement than his prototype in the days before free land was all appropriated; second, the inequalities of wealth and economic opportunity are too great and glaring; third, there is general discontent, owing to the decay of religion and the indefinite expansion of the current standards of living; fourth, the conviction has become quite general that an immense number of corporations have obtained

unfair and enormously profitable special privileges. (*The Social Unrest*, Chapter III.) Number three of these factors must be dealt with by education and religion, rather than by legislation. In so far as the others are fit subjects for legislative action, they present a twofold problem, that of securing to the laboring classes a reasonable minimum of wages and other economic goods, and that of preventing the most advantageously placed capital from obtaining excessive profits through excessive prices imposed upon the consumer. More briefly, it is the problem of regulating the limits, both upper and lower, of industrial opportunity.

Proper Competition.

The laborer must be protected against unjust exploitation, and the entire community must be protected against extortionate prices. Outside the field of natural monopoly, the principle of competition should dominate industry, but the practice of it should be neither unrestricted nor debasing. Its limits must be narrowed and its plane raised, so that there shall be a minimum of exploitation, whether of laborer or consumer, and a maximum of *actual* opportunity for all. On this higher level competition can still be abundantly active, but its benefits will be determined to a much greater extent than at present by merit, effort, and efficiency, and to a much less extent by chance, cunning, financial power, and special privilege. With decent wages and decent conditions of employment generally, and the power to satisfy their wants at reasonable prices, even the poorest classes will be enabled to live human lives, and to struggle effectively for still greater benefits. Deprived of the power to amass great wealth through special privilege, the richest classes will obtain

and retain their advantages through superiority of ability and socially useful achievement. If this ideal seems to the Socialist inadequate and unscientific, our reply is that we shall cling to it until he shall have demonstrated that his proposals will be practically adequate, and that his "science" is not a conglomeration of pure assumptions, one-sided assertions, and beautiful dreams. Indeed, the aims and expectations just outlined may themselves be impracticable for a long time to come, but they at least do not imply any excessive trust in human nature, nor contradict the laws of economics or the lessons of history.

Legislation to Benefit Worker.

Since the elements of the social problem have been stated as twofold, the legislative solutions may also be grouped under two headings. The first will comprise those measures which are designed to better the condition of the working classes directly. The goods and opportunities in question here correspond in a general way to what Sidney Webb has felicitously called the "National Minimum" (*Cf. Industrial Democracy;* and *The Contempory Review*, June, 1908).

1. A Legal Minimum Wage.

While the existing statistics do not tell us even approximately how many American workers are compelled to accept less than living wages, they show quite clearly that the number is astonishingly large. Some four years ago the writer concluded, from a careful study of all the available sources of information, that at least 60 per cent of the adult male wage-earners of the United States in city occupations received less than $600 a year (*Cf. A Living Wage*, Chapter VIII.) All subsequent statistics tend to confirm this estimate. Perhaps the

most accurate and comprehensive statement of wages ever published in this country is contained in Census Bulletin No. 93, "Earnings of Wage-Earners." A study of its figures will justify the assertion that in 1904 (when wages were about as high as they ever have been in our history) 58 per cent of the three and three-quarter million adult males in our manufacturing industries were getting an annual income of less than $600 (p. 13). The proportion is probably quite as high in all other non-agricultural occupation. Now, $600 per year is the minimum upon which a man can support a moderately sized family in any city of the United States, and it is insufficient in very many of the larger cities (*Cf. A Living Wage*, Chapter VII., and the *Standard of Living Among Workingmens Families in New York City*, by R. C. Chapin, in which occurs this conclusion: "It seems safe to conclude from all the data we have been considering, that an income under $800 is not enough to permit the maintenance of a normal standard." p. 245). There are, consequently, between four and seven million adult males in America who receive less than the lowest wage required for decent family life. Owing to their greater economic weakness, the proportion of women and children who fail to obtain decent remuneration is probably higher than in the case of the men. These facts contain of themselves all the elements of an acute social problem.

Objections to Minimum Wage Law.

The obvious objection to the proposal to fix a minimum wage by law is that it would not work. This assertion may mean that our industrial resources are not adequate to a universal living wage; that, even though the resources are sufficient, industry could not be suc-

cessfully reorganized on the basis of such a law; or that, in any case, the law could not be enforced. As to the first objection, the burden of proof is clearly upon those who take it seriously in a country as rich as ours. The second may be urged against every effort of a trade union to obtain the union scale of wages, and against every law fixing a minimum number of hours of labor per day; while the third is in some sense valid against any and every law whatever. If a labor union can establish a minimum rate of remuneration successfully, why may not the civil law be equally successful, so far as the organization of industry is concerned? Inasmuch as no law is obeyed perfectly, the enforcibility of any statute is relative. In the case of a law fixing a minimum wage, the difficulties of enforcement are peculiarly formidable, from the side of employer and employee, but they are not insurmountable. They have been so satisfactorily overcome in Australia and New Zealand that these countries have no intention of abandoning their minimum-wage legislation. Moved by the Australasian example, the dominant party in the present British House of Commons has introduced a bill applying the principle to certain of the sweated trades of England. Even if such legislation should prove enforcible and effective in the case of only one-fourth of the American workers who are now underpaid, it would be well worth adopting. It would do more good than any other single measure of labor legislation that is now available. The authority of economists and legislators is, indeed, unfavorable to the plan, but it was likewise opposed to labor organization and factory legislation fifty or seventy-five years ago, and its arguments at that time were tiresomely suggestive of those

now used against a legal minimun wage (*Cf.* Webb, *Industrial Democracy*, Part III., Chapter I.)

Inasmuch as the cost of living is not the same in all parts of America, the proposed legislation should proceed from the State rather than from the national legislature. The only difficulty here is that the minimum wage might be considerably higher in one State than in a neighboring State, where general conditions of living and of employment were practically the same. The result would be to put the industries of the former at a disadvantage. Nevertheless the same condition confronts many other legal regulations of industry, such as, those affectiong railway rates, factory arrangements, and the hours of labor. In cases of this kind, as well as in the matter of a minimum wage, uniformity and thoroughness could best be attained through national laws applied and modified by State boards to suit local conditions. This would require amendments to both the State and national constitutions, but such amendments are inevitable as a prerequisite not only to any kind of a minimum wage law, but to a satisfactory solution of the general problem of industrial regulation. Whether the law be State or national, the work of applying it and of fixing the precise terms of the minimum wage would necessarily be entrusted to commissions, boards of experts, as is now done in the matter of regulating railroads and other public service corporations. The principle involved and the conditions to be met are the same in both cases.

Question of Woman Labor.

The proposed law would, of course, apply to the wages of women and children as well as to those of adult males. It would thus have the special advantage of

obtaining living wages for classes that are peculiarly unable to help themselves. In his recent excellent study of woman labor, Mr. William Hard has shown that women cannot organize effectively because their stay, as individuals, in industry is only temporary (*Everybody's Magazine*, November, 1908–April, 1909). To remedy this condition he would have their hours and other conditions of labor so changed that they can continue as wage-earners after marriage. The first recommendation is good; the second seems to be unqualifiedly bad. That the married woman's presence and functions in the home, her ideals of motherhood, and her relations to her children, should be revolutionized in the way that Mr. Hard suggests, cannot be accepted by any one who takes an adequate and healthy, albeit "old-fashioned," view of family life. The family cannot be made over in this arbitrary fashion without producing social and moral disaster. At present there are more than five million women engaged in gainful occupations in the United States, and the number is steadily increasing, both absolutely and relatively. In 1900 the number exceeded by one million the number that would have been at work had the increase merely kept pace with the increase in the total female population. The explanation of this disproportionate increase in the number of women in industry is chiefly what Mr. Hard declares it to be, namely, the fact that a large proportion of woman's traditional tasks have been transferred from the home to the factory. Woman is merely following them. It must be admitted, too, that the process is not yet finished, that the proportion of women wage-earners will inevitably increase still further. Nevertheless we refuse to accept Mr. Hard's so-

lution. No matter how many of woman's tasks have been removed from the home, the average married woman who does her full duty well as wife and mother, and who adequately does all the work that can be better done at home than elsewhere, will find her time fully occupied by these during the child-bearing and child-rearing period. After that her labor usually will not and certainly ought not to be required outside the home. Moreover, if Mr. Hard's plan were followed, the number of women workers would be greatly increased, thus intensifying their competition with men, and giving a further impetus to low wages for both. While they would then be better able to organize than at present, their organization would still be less efficient than those of male workers; and the latter have not succeeded in raising their remuneration to a decent level. Hence the only remedy that seems to be at all adequate to the many-sided evil of woman labor is a legal minimum wage.

Concerning the morality of this measure, whether for men, women, or children, it is sufficient to say that the State has both the right and the duty to protect its citizens in their right to a decent livelihood. In so doing it no more exceeds its proper functions than when it legislates for the safety of life and limb, or for the physical and moral health of the community.

2. An Eight Hour Law.

This legislation would increase the demand for labor in many industries, and improve the physical, mental, and moral health of the workers. At the present time the great majority of laborers work more than eight hours per day. In fact, the only exceptions worthy of mention are the building trades, printing and publish-

ing, mining and public employments, Even in the two former occupations, the eight hour day prevails only where labor is well organized. The obvious economic objection to the measure is that in many industries it would be followed by a rise in prices and in the cost of production, and consequently by a decrease in the demand for goods. A further result would be either a lessened demand for labor, or lower wages for the same number of workers. On the other hand, if the same amount of product continued to be consumed, and if a large number of laborers were needed to produce it, the price would have to remain the same, and all the laborers would have to be satisfied with lower wages. The total wage payment would be divided among a larger number of persons. This is the usual way of stating the objection, but it overlooks certain important facts. Some consumers would not reduce their consumption proportionately to the rise in price; a part of the increased cost of production would come out of profits, through the elimination of the less efficient employers, the introduction of better industrial methods, and the reduction of the exceptional gains of monopoly; and, finally, the productivity of the men themselves would be so far increased that in a very large proportion of cases they would turn out as much product in eight hours as they formerly did in ten. Through the operation of these factors it might well happen that the demand for labor would be considerably increased in some industries, without any decrease in wages or any marked reduction in the profits of the most efficient and socially useful employers. Where the eight hour day has been fairly tried, it does not seem to have financially injured either the laborer or the consumer.

Probably its greatest benefits would be outside the region of wages and employment. The laborer would have more leisure for the development of his mental, moral, and social nature, and more opportunity for the rest and recreation that are so necessary in the intense strain of modern industry. When the demand upon muscle, mind, and nerves is so great that in many occupations a man becomes old at fifty, the reduction of the, working day to eight hours becomes a dictate of elementary humanity, to say nothing of economic efficiency and race conservation (*Cf. Final Report of the Industrial Commission*, p. 763). Here, again, the verdict of experience is all in favor of shorter hours. John Mitchell declares that the eight hour regulation has done more for temperance in the mining regions than all other influences combined. In this matter of the length of the working day, these words of a conservative writer are well worth pondering: "When machinery is replacing men and doing the heavy work of industry, it is time to get rid of the ancient prejudice that a man must work ten hours a day if he is to keep the world up to the level of the comfort that it has attained. Possibly, if we clear our minds of cant, we may see that the reason why we still wish the laborer to work ten hours a day is the fear that we, the comfortable classes, may not go on receiving the lion's share of the wealth which these machines, iron and human, are turning out" (Smart, *Studies in Economics*, p. 328).

3. Legislation Restricting the Labor of Women and Children.

The effects of this measure would be very similar to those of an eight hour law. The total number of women and of persons under sixteen years of age engaged in gainful occupations is approximately seven

million. It is obvious that neither of these classes should be permitted to work more than eight hours per day. In certain occupations which are exceptionally arduous, such as operating telephones, the hours ought to be still fewer. Night work ought to be entirely prohibited. Women and children should be kept out of certain occupations for which they are physically or morally unfit. Married women ought not to be permitted to become wage earners except in conditions of great poverty. The wages of women and of young persons ought to be the same as the remuneration of men for the same work. This would be good for the former, but better for the latter. Children should not be permitted to work under sixteen years, except for very special reasons, and, during the school term, no child ought to become a wage earner below the age of fourteen. It would be more humane to the child and more beneficial to society to relieve poverty through other methods. The enforcement of the legislation considered in this paragraph would help women and children by lessening competition, raising wages, conserving health, and increasing opportunity, and would react upon the remuneration of men by diminishing a very difficult and destructive form of competition. It goes without saying that the measures recommended under this and the preceding heads could not be fully applied to agricultural labor.

4. Laws Affecting Industrial Disputes. Legislation is needed to legitimize peaceful picketing, persuasion, and boycotting. The principle of the boycott is employed now and again by all classes, and within certain limits it is entirely lawful morally. Even the so-called secondary boycott, although peculiarly liable

to abuse, is not essentially immoral. On this account, and because it is not often likely to be employed, it ought not to be prevented either by statute law or by "judge-made law." Well-meaning persons who oppose any limitation of the power of the judiciary in this matter, commonly forget that practically the only legal warrant for the exercise of such power is a very general principle of the Common Law concerning conspiracy, and a body of precedent created by judges who have attempted to apply this general principle to labor disputes. As applied by English judges, the principle has been called by Thorold Rogers, "the most elastic instrument of tyranny which can be devised;" as applied by judges in the United States, it represents merely an attempt to enforce their own conceptions of natural equity. But these were and are the conceptions of men who, as Theodore Roosevelt has recently reminded us, were and are unfitted by training, association, knowledge, or sympathy to do justice to the position and claims of the laborer. The British Parliament wiped out the reproach and injustice in 1906, by enacting a law which makes peaceful persuasion and boycotting legal; but in this, as in most labor legislation, European action is far in advance of the United States.

Boards of Arbitration. We are far behind some other countries in laws providing for conciliation and arbitration. Most of our State boards have accomplished substantially nothing. The first effective step, the minimum that is worth getting, is the creation of State and national boards empowered to endeavor to settle industrial disputes even before they are invited to do so by either of the

disputants. Until the board has exercised its good offices and failed to effect conciliation, both a strike and a lockout should be prohibited. A second step would embody provisions for conciliation, and also for the compulsory investigation of the causes of the dispute, together with the publication of the findings and decision of the board. In most cases a strike or lockout would then be opposed by the power of public sentiment. This is the principle of the Industrial Disputes Act recently enacted by the Dominion of Canada. If neither of these measures proved sufficient, the law could go further and establish not only compulsory investigation and decision, but compulsory acceptance of the decision, as obtains in Australia and New Zealand. The objections to this proposal are formidable, but the experience of these two countries seems to show that they are not insurmountable.

5. Relief of the Unemployed. In all but exceptionally prosperous times, the amount of unemployment is very large. Averaging the good times with the bad, it seems to be somewhere between eight and fifteen per cent. The first and simplest legal relief measure would be a system of State employment bureaus, such as that existing in Germany. State labor colonies could be of great benefit to certain classes of the unemployed, and would cost the community much less than any system of purely charitable relief. In the third place, there should be a system of State insurance against unemployment, and State subsidies for approved private agencies which provide the same kind of insurance. In Belgium the government contributes a certain proportion of the benefits paid out by the trade unions for this purpose. The same thing could be done for those

unorganized laborers who have contributed to some voluntary insurance society. Probably none of these measures, nor all of them together, would adequately solve this most difficult and demoralizing problem, but they would relieve an immense amount of suffering, and prevent much economic waste; crime, and deterioration of character. And there would still be plenty of work for individual charity and private relief organizations.

6. Provisions Against Accidents, Illness, and Old Age. The contingency of unemployment is only one part of that insecurity which is, perhaps, the most discouraging feature of modern industry, and which almost continuously haunts a very large proportion of the laboring class. Some one has estimated the number of persons killed and injured by their occupations in America last year at 500,000. Not one of our States has an adequate employer's liability law to meet this evil, and all of them are far behind most of the countries of Europe. We are still dealing with industrial accidents on the basis of the antiquated Common Law provisions concerning "the fellow-servant rule," "assumption of risk," and "contributory negligence." These should all be abolished, the employer should be compelled to give reasonable compensation for all injuries received by his employees while at work, and the cost should be passed on in the form of higher prices to the consumer, where it belongs. Each industry should bear the burden of its own risks, whether to machinery, to animals, or to men. The problems of sickness and old age are dealt with differently in different countries. In Germany there is an insurance fund created by contributions from the employer, the

employee, and the State. England has a system of old-age pensions entirely drawn from the public treasury. Each system has its own advantages, and the two may be combined, as in Belgium. For the sake of the nation, as well as in the interest of millions of its needy citizens, either or both of these plans ought to be introduced into the United States. To the objections formerly offered by believers in the inhuman and discredited policy of *laissez faire* serious attention is no longer given by well-informed students.

7. Housing the Working People. In our cities this problem grows steadily more perplexing and more dangerous. It is at once a menace to the productivity, the health, the morals, and the contentment of large sections of our working people. As early as 1894, the proportion of slum-dwelling families occupying three rooms or less, was: in Baltimore, 55 per cent; in Chicago, 52 per cent; in New York, 83 per cent; and in Philadelphia, 62 per cent (*Seventh Special Report of the Commissioner of Labor*, pp., 87–88). In the lower East Side of New York, the population per acre was, in 1900, 382; in 1905, 432. Fifty blocks in Manhattan have more than three thousand inhabitants each. As a natural consequence of overcrowding, rents for all kinds of dwellings, especially the poorer houses and tenements, are constantly rising. Among the families studied by the committee appointed by the New York Conference of Charities, rent had increased all the way from fifty cents to five dollars per month between 1905 and 1907. The smaller the income of a family the larger is the proportion of its expenditure for this purpose.

Since private agencies will certainly fail to meet this

situation, the cities must undertake the work in the interest of self-protection and elementary humanity. They should not only condemn and prevent unsanitary housing and congestion, but erect decent houses and tenements for the poorest classes. These could be rented or sold, preferably sold, on easy conditions; in some cases at less than cost. The problem of municipal housing has been earnestly attacked by many of the cities of Great Britain, and some of the other countries of Europe.

Legislation to Benefit Consumers. So much for measures directly in favor of the working classes. Let us now consider some legislative projects which aim at benefiting the whole body of consumers by limiting the power of exceptionally favored industries and capital to obtain excessive prices and excessive profits.

1. Public Ownership of Public Utilities. Under this head are included national and State owner ship of railroads, express companies, telegraphs, and telephones, and municipal ownership of gas and electric lighting, water-works, street railways, and telephones. The chief benefits expected from this change are better service, lower charges, equal treatment of all patrons, and better conditions for employees. Better service is likely, because a publicly owned utility is more responsive to the people's needs, and will meet these needs more effectively than a private corporation which is not subject to competition. Lower fares will be possible, inasmuch as the service can be provided at cost, and the cost itself can be lowered owing to the cheaper rate at which capital can be borrowed. Equal treatment of all patrons will give a larger measure of industrial op-

portunity, and remove the chief agency through which monopolies have been created and competition crushed. Employees will be better treated, as is always the case in public employments. Another very probable good effect would be the narrowing of the field for private investment, and the consequent tendency toward a general fall in the rate of interest. Competition among private capitals would be more active than it is at present. The arguments against public ownership are, indeed, weighty, but many of them—for example, the one drawn from political corruption—can be urged with greater force against private ownership. Perhaps the most decisive general answer to these objections is the fact that the policy of public ownership is gaining ground every day in every country, and that no country now enjoying it has any thought of reverting to the other system. At any rate, the obstacles to the introduction of the proposed system in this country are so numerous and varied that it can be accomplished only gradually, so gradually that both friends and foes will have ample time to anticipate and counteract its dangers.

2. Public Ownership of Mines and Forests. Both the states and the nation should retain the ownership of all mineral and forest lands that have not been alienated. The mines should be leased at a fair rental per ton of ore removed, and the same principle should be applied to the forests. It was a great mistake to have sold any of these lands outright, for the compensation received by the State has been, on the whole, utterly inadequate, and a comparatively small number of private individuals have reaped enormous and unnecessary profits. One of the richest and most necessary of the

minerals, anthracite coal, has passed into the control of a monopoly which exacts exorbitant prices from the consumer; while climatic conditions have been adversely affected, and a lumber famine is threatened as a result of the reckless and wholesale destruction of the forests.

3. Adequate Control of Monopolies. The case of most natural monopolies has already been considered under the head of public ownership. With regard to those which are not based upon natural advantages—for example, the Steel Corporation and the Standard Oil Company—three courses are open to the State. The first is to permit them to charge whatever prices they please, so long as they do not use illegal methods of competition. This is the plan at present in use, but it is obviously untenable and intolerable. If a corporation can employ fair methods toward its competitors and still become a monopoly, it must be regulated in the interest of the consumers. History shows that human beings cannot be trusted to use such great power justly. The second plan would prevent the evil by preventing its cause, that is, it would prohibit any corporation to control more than half of the business in which it was engaged. This method approves itself to all those who believe that the economies of a monopolistic combination are not an adequate substitute for the benefits of competition. They would have competition enforced, as it were, artificially. Yet if the saving to be effected through mere concentration, combination, and great masses of capital is as large as some authorities assert (the question is still an open one) the theory and the method just described ought to be rejected. It would seem preferable for the State to permit all monopolies

that, without either natural advantages, special privil eges, or unfair methods of competition, arise in obedience to the so-called "laws of industrial evolution," but to extend to the consumer some of the benefits of combination by regulating prices.

This could be done by a government commission similiar to the commissions that now regulate railway rates. In both cases we have the same principles and substantially the same difficulties. To those who are still under the tyranny of an exploded *laissez-faire* philosophy this proposal may seem revolutionary, but to those who have some acquaintance with economic history and who try to see the facts of industrial life as they are, it will appear quite natural and quite rational. In an address delivered just ten years ago on "American Trusts," Professor Ashley said: "I see nothing for it but that, in countries where the monopolizing movement is well under way, the Governments should assume the duty of in some way controlling prices" (*Surveys Historic and Economic*, p. 388). Even President Gary, of the United States Steel Corporation, recently suggested this method to a committee of Congress. To the obvious Socialist objection, that the State ought to own these "evolutionary" monopolies as well as those natural monopolies which are called public utilities, there is an equally obvious answer. The former industries are more complicated and probably much fewer than the latter, and we do not want to multiply the industrial functions of the State unnecessarily. When the Socialist theory of the inevitable concentration and monopolization of all industries has been demonstrated, and the policy of State regulation of prices has failed, it will be time enough to con-

sider the experiment of State ownership of artificial monopolies.

4. Income and Inheritance Taxes. Both these forms of taxation, especially the latter, are in vogue to some extent in this country. They ought to be made universal. And the rate at which the tax is levied should be progressive; that is, increasing with the amount of the income or bequest. For the larger a man's income or wealth, the less important are the uses to which he devotes all of it above a certain minimum for necessaries and comforts, and the smaller is the sacrifice that he will make by giving up a given per cent of it (*cf.* A. Vermeersch, S.J., *Quæstiones de Justitia*, pp. 108–129). Obviously the rate should not progress indefinitely up to a point where it would be confiscatory or dangerous to the spirit of enterprise. At a certain limit it should either become fixed, or its *increments* should begin to decrease. The precise limit which should mark the maximum rate is a matter of detail that need not be discussed here, but it might, consistently with morality and expediency, be higher than it is in any country at present. Mr. Carnegie's proposal of fifty per cent for the largest inheritances seems very high, indeed, although the rate of the inheritance tax would properly be higher than in the case of incomes. Through these forms of taxation a large part of the burdens of government would be transferred from classes that are overtaxed to classes that are now undertaxed, and the State would be able to undertake necessary works of public improvement, such as waterways and good roads, and provide insurance for unemployment, sickness, and old age. In a word, distributive justice, both as to public burdens

and public benefits, would be more nearly realized than at present.

5. Taxation of the Future Increase in Land Values. This proposal is much more important in cities, especially in the greater cities, than in agricultural districts. Frederick C. Howe, a high authority, estimates the increase in land values in New York City between 1904 and 1908 at $786,000,000, and during the single year of 1908 at $284,000,000, or $120,000,000 in excess of all the city's expenditures for that year. It seems altogether just that a considerable portion of this increase, which is created by the community, should be recovered by the community. As a result taxes on production and on the necessaries of life could be materially lowered or perhaps abolished, and the city would have a fund for civic and social improvements, especially for housing the poorer classes. Increased land values, which make rents high, would thus partially undo their own evil effects. Nor would this tax be an unfair discrimination against land; for other forms of property do not, as a rule, increase in value without the expenditure of labor. Where they seem to do so, the increase can in most cases be traced to the land with which they are connected. It is proposed to tax the future increases in land values, not those that have occurred in the past. To take the latter or any part of them by this method of taxation would in the majority of cases be to confiscate values that have been fully paid for by their actual possessors. It has been said that the tax should appropriate "a considerable portion" of future increments in value, for there are reasons both of equity and of expediency why it ought not to take the entire increase. What proportion should

be taken, and what exemptions and modifications should be made, are matters of detail. In Germany, where the system has been very widely adopted and is being rapidly extended, the highest rate is thirty-three and one-third per cent. (Some account of the plan and some discussion of its moral aspect will be found in *Stimmen aus Maria-Laach*. October, 1907, by F. Rauterkus, S.J.)

6. Prohibition of Speculation on the Exchanges. While this proposal may at first sight seem of insufficient importance to have a place in a programme of social reform, it points to a change that is greatly needed on moral as well as economic grounds. Among the moral evils attendant upon speculation in stocks and produce are: the development of the gambling instinct in thousands upon thousands of persons who would never have indulged that instinct through the more ordinary and publicly condemned practices; the cultivation of a desire to get money through lucky deals and the manipulation of existing wealth, instead of through new wealth produced by personal labor, and the consequent inability to appreciate any ethical difference between the two kinds of gain; and the conscious or unconscious participation in the numerous forms of dishonest manipulation which are almost continuously practiced upon the exchanges. The chief economic evils are the formation of "corners" or monopolies in stocks, commodities, and the necessaries of life, and the creation of artificial and unjust prices; the unjust depression of the prices of stocks and produce, with the resulting hardship and injustice to the possessors of these properties; the absorption of immense sums of capital that are needed for productive

commerce and industry; and an unhealthy inflation of general prices which sometimes hastens the arrival of a financial panic. The exchanges have legitimate and important functions as markets for securities and produce that are sought as a permanent investment and for consumption; but they ought not to be used for transactions in which the purchaser of the thing ostensibly bought has no intention of getting genuine possession of it, but merely desires to make a profit from its changes in price. Such operations are essentially wagers, are utterly unproductive, and comprise the great majority of all the transactions on the exchanges. In the interest of the moral and economic health of the nation they ought to be prohibited by law.

Some of the readers of these pages will not improbably call this programme "Socialistic." They have a right to do so if they have the right to construct their own definition of Socialism, or to apply the term to every extension of the industrial functions of government. But if they are reasonable and reasoning beings they will not forthwith condemn it on this sole ground. A proposal may be discredited, but it cannot be refuted by the easy and indolent device of calling it a bad name. On the other hand, if Socialism is to be understood correctly, in the sense in which it is accepted not only by its advocates but by all who try to think and speak precisely, none of the measures outlined above is Socialistic, nor do all of them together constitute Socialism. They fall far short of collective ownership and management of all the means of production. Another reason why they are not Socialistic is because they are not to be introduced by the Socialistic method.

The Socialist Platform.

Indeed, the genuine Socialist would probably treat this programme with more contempt than the doctrinaire individualist. For the first principle in the Socialist platform of method is that the system can never be realized until the control of government has passed into the hands of the working class. Hence the contempt of the thorough-going Socialist for what he calls the "capitalistic State Socialism" of New Zealand. He does not recognize these State activities even as steps in the direction of genuine Socialism. And he would pass the same judgment upon the present programme, so long as it was to be brought about by a government not in the control of the working class.

Nevertheless, the programme is perhaps paternalistic, and unduly restrictive of individual liberty. Paternalistic it may be, but it is not opposed to sane individualism. As said above, you cannot rightly condemn a proposal merely by hurling inappropriate epithets at it recklessly. The only individual liberty worthy of the name is that which offers to the individuals of the community a reasonable measure of opportunity. Any system of individual liberty, however specious in theory, that in practice enables a few exceptionally favored persons to exploit and oppress large numbers of their fellow-men, is a delusion and a mockery. It is neither an individual nor a social good. Judged by these tests, our programme seems to be sound. Its proposals do not exceed a reasonable amount of economic opportunity. To secure this to all its citizens is as truly a function of the State as to protect the property of those who happen to have property. To those citizens who have little or no property, eco-

nomic opportunity is much the more important consideration. And it is a commonplace of politics that the State is concerned with the welfare of all.

No attempt will be made here to indicate which of these measures is the most important, nor which ought to be adopted first, nor how soon any of them may safely be introduced. The aim has been merely to describe all the legislative proposals that seem sound and worth striving for at the present time. Every one of them is in force in at least one country; a great many of them exist together in one or more countries, as in Australasia and Germany; and no country shows a disposition to abandon any of them. While the arguments offered in favor of the different measures in these pages have been of necessity very general and far from adequate, they constitute at least a respectable presumption in favor of the whole programme. If it were put into operation it would probably cause the social problem, upon which so much precious thought, energy, and apprehension are now expended, to assume comparatively insignificant proportions. In the meantime it suggests a practical ideal for all who believe that the problem cannot be solved without a considerable increase of activity and co-operation by the State.

Books Bearing on the Subject of this Pamphlet.

THE SOCIAL QUESTION.

ENCYCLICAL ON THE CONDITION OF LABOR. By Pope Leo XIII. 5 cents.
SOCIAL WORK FOR CATHOLIC LAYMAN. 40 cents.
CATHOLIC IDEALS IN SOCIAL LIFE. By Father Cuthbert, O.S.F.C. $1.50.
THE CATHOLIC CHURCH AND LABOR. 8 cents.
POLITICAL ECONOMY. By C. S. Devas. $2.00.
SOCIAL QUESTIONS AND DUTIES OF CATHOLICS. By C. S. Devas. 25 cents.
A LIVING WAGE. By John A. Ryan, D.D. $1.00.
CATHOLIC SOCIAL WORK IN GERMANY. By C. Plater, S.J. 35 cents.
IDEALS OF CHARITY. By V. M. Crawford. 75 cents.
ORGANIZED LABOR. By John Mitchell. $1.75.
THE SOCIAL UNREST. By John Graham Brooks. $1.50.
LABOR PROBLEMS. By Adams and Summer. $1.60.

SOCIALISM.

SOCIALISM. By V. Cathrein, S J. $1.50.
SOCIALISM. By David Goldstein. $1.25.
CATHOLICISM AND SOCIALISM. 40 cents.
THE FUNDAMENTAL FALLACY OF SOCIALISM. By Arthur Preuss. $1.00.

SOCIALISM AND CHRISTIANITY. By Right Rev. William D. Stang. $1.00

QUESTIONS OF SOCIALISTS AND THEIR ANSWERS. By Rev. William Kress. 25 cents,

THE MORALITY OF MODERN SOCIALISM. By John J. Wing, S.J. $1.50.

SOCIALISM AND SOCIAL REFORM. By R. T. Ely. $1.50.

RELIGION AND CHARACTERISTICS OF SOCIALISM. By John J. Wing, S.J. $1.50.

SOCIALISM, ITS ECONOMIC ASPECT. By Poland, S.J. 15 cents.

SOCIALISM AND INDIVIDUALISM. By Very Rev. A. Pooch. 30 cents.

SOCIALISM IN AMERICA. By M. Boarman, S.J. 5 cents.

AN EXAMINATION OF SOCIALISM. By Hilaire Belloc, M.P. 5 cents.

SOCIALISM AND LABOR, AND OTHER ARGUMENTS. Right Rev. J. C. Spalding. 80 cents.

The following magazine articles also may be recommended:

CATHOLICITY AND SOCIALISM. William J. Kerby, Ph.D. American Catholic Quarterly Review, Vol. 30, No. 118, Ap. '05.

LIFE AND MONEY. William J. Kerby, Ph.D. Catholic World, Vol. 82.

AIMS IN SOCIALISM. William J. Kerby, Ph.D. Catholic World, Vol. 85, July '07.

ATTITUDES TOWARDS SOCIALISM. William J. Kerby, Ph.D. Catholic World, Vol. 85, Aug. '07.

"COME O'ER AND HELP US." Margaret Fletcher. Catholic World, Vol. 82, Dec. '05.

IS SOCIALISM RIGHT AFTER ALL? C. S. Devas. Dublin Review, Vol, 139, Oct. '06.

ABOUT SOCIALISM. W. McDonald, D.D. The Irish Theological Quarterly, Vol. 1, No. 1, Jan. '06.

IS STOCKWATERING IMMORAL. John A. Ryan, D,D. International Journal of Ethics, Jan. '08. American Ecclesiastical Review, Feb. '09.

THE MORALITY OF THE LABOR UNION. John A. Ryan, D.D. American Catholic Quarterly Review, Ap. '03.

THE FALLACY OF BETTERING ONE'S POSITION. John A. Ryan, D.D, Catholic World, Nov. '07.

THE COST OF CHRISTIAN LIVING. John A. Ryan, D.D. Catholic World, Feb. '08.

The numbers of the magazines mentioned can, as a general rule, be consulted at the Public Library; or, if desired, they may be purchased at the publication office of the magazine.

Any of the above mentioned books may be obtained by sending the price (adding in the case of a pamphlet 2 cents; in the case of a book 12 cents additional for postage) to

THE COLUMBUS PRESS,

120-122 West 60th Street, New York City.

26955

THE CATHOLIC WORLD.

PUBLISHED BY THE PAULIST FATHERS.

ESTABLISHED, 1865.

A Monthly Magazine of General Literature and Science.

Contains every month timely papers by the ablest Catholic writers in America and Great Britain on the living religious, philosophical, social, and economic questions; together with articles on travel and adventure, and a monthly installment of short stories by well-known authors. THE CATHOLIC WORLD includes an extensive and critical review of all the latest books; and a summary of the principal events throughout the world.

A credit to American Catholic literature.—*Pittsburg Catholic.*

THE CATHOLIC WORLD makes a fine record.—*Iowa Catholic Messenger.*

The literary standard of THE CATHOLIC WORLD is exceptionally high.—*Lowell Courier.*

It is able, courteous, and interesting, and presents the Catholic faith in its most attractive aspect.—*New York Sun.*

The thoughtful, intelligent man, Catholic or non-Catholic, will derive much pleasure and profit by reading it.—*Daily News.*

Subscription price $3 a year in the United States, Canada and Mexico. In foreign countries, $3.72.

ADDRESS

THE CATHOLIC WORLD,

120-122 West 60th St., New York.

END OF
TITLE